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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Comptroller

DATE: 3 AUG 1959

FROM : Chief, Audit Staff

SUBJECT: Audit of Transportation Payments

1. It is the view of this office that payments by the Agency to carriers for transportation services furnished should be given a more effective audit with respect to determining the validity and accuracy of the billings (rates, fares, routes, etc.). We recognize that a large portion of Agency expenditures for transportation is in the form of reimbursement to other Government agencies with the result that the transportation payments are subject to audit by the Transportation Division of the General Accounting Office. Nevertheless, there are substantial amounts paid by the Agency direct to carriers for which there is no verification of the amount billed.

2. As you are aware, audit of transportation is highly specialized and technical, and this function is carried out for Government agencies by a specialized division in the General Accounting Office. The duties of this division are: (a) the technical analysis and examination, in Washington, D.C., of payments made to air, rail, highway, and water carriers for freight and passenger transportation services furnished for the account of the United States for determining the validity and propriety thereof and conformity with tariffs, quotations, agreements, or tenders; (b) the furnishing to departments and agencies, upon request, of information concerning rates, fares, routes, and other technical data; (c) as to Government agencies and corporations exempted from the submission of transportation payment documents for centralized audit, the General Accounting Office performs technical examinations of payments to and claims by or against carriers covering transportation services procured by such agencies and corporations on commercial as well as Government documentation.

3. We believe that the Agency interest can be satisfied by verification of selected payments rather than verification of all payments. This could be done by request of the General Accounting Office formally or informally on a hypothetical case basis rather than the submission of the account for approval. The extent of selective verification would, of course, be dependent upon the rate of errors found.

4. I shall appreciate your comments on this matter.

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